



Joan Marsh
Director
Federal Government Affairs

Suite 1000
1120 20th Street NW
Washington DC 20036
202 457 3120
FAX 202 457 3110

October 16, 2001

VIA ELECTRONIC FILING

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, SW, Room TWB-204
Washington, DC 20554

Re: Notice of ex parte meeting, Joint Application by BellSouth Corporation, BellSouth Telecommunications, Inc., and BellSouth Long Distance, Inc. for Provision of In-Region, InterLATA Services in Georgia and Louisiana, CC Docket No. 01-277

Dear Ms. Salas:

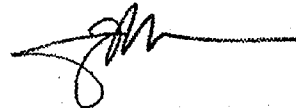
On October 15, 2001, Sharon Norris, Jay Bradbury, Denise Berger, David Eppsteiner, Rich Rocchini, David Lawson and the undersigned, all representing AT&T, met with Ian Dillner, Aaron Goldberger, Daniel Shiman, Jessica Rosenworcel, Kathy Farroba, Dennis Johnson and Renee Crittendon of the Common Carrier Bureau, Allan Manuel of the Enforcement Bureau and Pamela Megna of the Office of Plans and Policy. The purpose of the meeting was to preview some of the points AT&T will be making in opposition to the Joint Application by BellSouth Corporation, BellSouth Telecommunications, Inc., and BellSouth Long Distance, Inc. for Provision of In-Region, InterLATA Services in Georgia and Louisiana as filed in the above-referenced docket.

Separately, but on the same day, Rich Rocchini, Michael Lieberman, Jim Lamoureux, Mike Baranowski, and Chris Shenk, all representing AT&T, met with Josh Swift, Marvin Sacks, Deena Shetler, Jessica Rosenworcel, Kathy Farroba, Daniel Shiman, and Aaron Goldberger, all of the Common Carrier Bureau, and Allen Manuel of the Enforcement Bureau. The purpose of this meeting was to discuss in detail some of the TELRIC-related arguments that AT&T will be presenting in its opposition to the Joint Application.

The points presented in both meetings are reflected in the attached documents, which were distributed at the meetings.

Consistent with Commission rules, I am filing one electronic copy of this notice and the attachments and request that you place them in the record of the proceeding. As set forth in DA 01-2286, the 20 page limit does not apply.

Sincerely,

A handwritten signature in black ink, appearing to be 'JM' followed by a horizontal line.

Joan Marsh

cc: Ian Dillner
Aaron Goldberger
Daniel Shiman
Jessica Rosenworcel
Kathy Farroba
Dennis Johnson
Renee Crittendon
Allen Manuel
Pamela Megna
Josh Swift
Marvin Sacks
Deena Shetler

CRITICAL ISSUES REQUIRING RESOLUTION BEFORE BELLSOUTH QUALIFIES FOR 271 APPROVAL

BellSouth continues to provision CLEC orders inaccurately and in unacceptable timeframes.

BellSouth's downstream service order processes are not coordinated to prevent the disruption of customer service and billing errors.

The change management process remains captive to BellSouth's whims and does not provide for timely implementation of change requests.

The lack of a full-function testing environment continues to subject CLEC transactions and customers to unnecessary disruption with each new software release.

BellSouth's performance cannot be adequately monitored impeding the assessment of penalties to prevent backsliding and the initiation of process improvements.

BellSouth has not demonstrated that its production pre-order and order interfaces have the capacity to meet future CLEC demands.

BellSouth's pre-ordering processes do not allow CLECs to proactively manage their ordering processes to increase efficiency, reduce errors, and avoid delays in provisioning.

BellSouth continues to rely excessively on the manual order processing of CLEC orders.

BellSouth restricts CLECs' ability to port certain numbers.

The Georgia and Louisiana Commissions should complete work on data integrity, performance measurements and cost.

Cost Adjusted Total Switch Rates

Company	State	Total Switching-Related Cost, per line per month	GA BS Rates Relative to other 271 states	LA BS Rates Relative to other 271 states	Switch Investment per line	GA BS inv Relative to other 271 states	LA BS inv Relative to other 271 states	Cost Adjusted Relative Switch Rates_GA	Cost Adjusted Relative Switch Rates_LA
BS	GA	\$ 10.89	0%	5%	\$ 137.79	0%	11%	0%	-6%
BS	GA-Generic *	\$ 8.09	35%	41%	\$ 137.79	0%	11%	35%	27%
BS	LA	\$ 11.39	-4%	0%	\$ 152.73	-10%	0%	6%	0%
SBC	KS	\$ 8.85	23%	29%	\$ 156.03	-12%	-2%	39%	31%
SBC	OK 12/28/00	\$ 11.89	-8%	-4%	\$ 152.52	-10%	0%	1%	-4%
SBC	TX	\$ 9.43	16%	21%	\$ 140.71	-2%	9%	18%	11%
VZ	MA	\$ 20.52	-47%	-45%	\$ 141.70	-3%	8%	-45%	-49%
VZ	NY-Current	\$ 21.32	-49%	-47%	\$ 140.29	-2%	9%	-48%	-51%
VZ	NY-RD	\$ 7.06	54%	61%	\$ 140.29	-2%	9%	57%	48%
VZ	PA	\$ 9.88	10%	15%	\$ 139.97	-2%	9%	12%	6%

Comparison of DUF Cost

Company	State	DUF Cost, per line per month	GA Relative to other 271 states	LA Relative to other 271 states
BS	GA	\$ 2.96	0%	1%
BS	LA	\$ 3.00	-1%	0%
BS	GA Generic	\$ 1.40	112%	114%
SBC	KS	\$ 1.75	69%	71%
SBC	OK 12/28/00	\$ 1.75	69%	71%
SBC	TX	\$ 1.75	69%	71%
VZ	MA	\$ -	-	-
VZ	NY-Current	\$ 2.37	25%	26%
VZ	NY-RD	\$ 0.55	435%	443%
VZ	PA	\$ 0.20	1373%	1393%

Time Trend Analysis of Cable and Wire Net Investment per Line

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2000 vs 1992 Overall Growth	2000 vs 1992 CAGR	2000 vs 1996 Overall Growth	Estimate growth 1996 to 2001
BS - GA													
Total Access Lines	3,213,802	3,389,810	3,622,315	3,917,484	4,343,728	4,611,974	5,375,278	6,301,724	7,566,846	135%			
Cable & Wire Facilities (eoy)	2,940,760	3,095,390	3,238,754	3,411,702	3,579,643	3,723,327	3,899,962	4,092,214	4,408,873				
Estimated Net C&W Plant	1,689,888	1,717,484	1,726,813	1,740,478	1,739,592	1,712,713	1,693,947	1,679,652	1,740,292	3%			
Net C&W Plant per tot line	\$ 525.82	\$ 506.66	\$ 476.72	\$ 444.28	\$ 400.48	\$ 371.36	\$ 315.14	\$ 266.54	\$ 229.99	-56%	-8.8%	-43%	-51%
BS - LA													
Total Access Lines	1,945,617	2,021,210	2,115,896	2,196,258	2,305,079	2,415,721	2,602,249	2,785,700	3,216,913	65%			
Cable & Wire Facilities (eoy)	2,019,748	2,077,516	2,125,614	2,182,765	2,231,881	2,286,178	2,340,710	2,393,497	2,459,223				
Estimated Net C&W Plant	1,160,635	1,152,714	1,133,318	1,113,537	1,084,623	1,051,631	1,016,686	982,412	970,717	-16%			
Net C&W Plant per tot line	\$ 596.54	\$ 570.31	\$ 535.62	\$ 507.02	\$ 470.54	\$ 435.33	\$ 390.70	\$ 352.66	\$ 301.75	-49%	-7.3%	-36%	-43%
BS - Total													
Total Access Lines	19,209,116	20,127,546	21,251,808	22,595,392	24,493,048	25,779,614	28,452,496	31,443,504	37,168,380	93%			
Cable & Wire Facilities (eoy)	17,784,490	18,560,260	19,255,148	20,057,012	20,836,040	21,620,126	22,478,464	23,311,660	24,470,990				
Accumulated Depreciation	7,564,751	8,262,061	8,988,839	9,824,936	10,710,392	11,674,969	12,714,952	13,743,375	14,811,681				
Net C&WF Plant	10,219,739	10,298,199	10,266,309	10,232,076	10,125,648	9,945,157	9,763,512	9,568,285	9,659,309	-5%			
C&W Depreciation Reserve	43%	45%	47%	49%	51%	54%	57%	59%	61%				
Net C&W Plant per Total Line	\$ 532.03	\$ 511.65	\$ 483.08	\$ 452.84	\$ 413.41	\$ 385.78	\$ 343.15	\$ 304.30	\$ 259.88	-51%	-7.7%	-37%	-45%

Source: GA and LA data from ARMIS 43-03 and 43-08, BS data is from ARMIS 43-02 and 43-08

Time Trend Analysis of Net Switch Investment per DEM

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2000 vs 1992 Overall Growth	2000 vs 1992 CAGR	2000 vs 1996 Overall Growth	Estimate growth 1996 to 2001
BS - GA													
Total DEM (Millions)	69,981	17,101	78,898	85,817	97,424	114,596	133,416	157,849	176,508	152%	12.3%	81%	93%
Total CO Switch EOP Gross Plant (\$M)	1,197,726	1,241,072	1,306,409	1,313,873	1,446,345	1,521,779	1,599,624	1,675,796	1,798,395				
Est Total CO Switch EOP Net Plant (\$M))	786,955	791,007	813,210	782,493	823,392	854,038	886,130	930,395	1,009,629	28%	3.2%	23%	26%
Net Switch Inv per DEM	\$ 0.01125	\$ 0.04626	\$ 0.01031	\$ 0.00912	\$ 0.00845	\$ 0.00745	\$ 0.00664	\$ 0.00589	\$ 0.00572	-49%	-8.1%	-32%	-40%
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2000 vs 1992 Overall Growth	2000 vs 1992 CAGR	2000 vs 1996 Overall Growth	Estimate growth 1996 to 2001
BS - LA													
Total DEM (Millions)	45,164	10,694	47,837	50,975	54,013	59,510	69,097	78,174	86,097	91%	8.4%	59%	68%
Total CO Switch EOP Gross Plant (\$M)	748,836	774,790	787,304	791,133	824,913	865,753	903,062	929,840	959,217				
Est Total CO Switch EOP Net Plant (\$M))	492,016	493,819	490,079	471,169	469,616	485,869	500,262	516,243	538,510	9%	1.1%	15%	16%
Net Switch Inv per DEM	\$ 0.00703	\$ 0.02888	\$ 0.00621	\$ 0.00549	\$ 0.00482	\$ 0.00424	\$ 0.00375	\$ 0.00327	\$ 0.00305	-57%	-9.9%	-37%	-47%
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2000 vs 1992 Overall Growth	2000 vs 1992 CAGR	2000 vs 1996 Overall Growth	Estimate growth 1996 to 2001
BS - Total													
Total DEM (Millions)	353,596	98,596	450,625	481,689	524,847	603,930	707,787	822,787	914,302	159%	12.6%	74%	87%
Total CO Switch EOP Gross Plant (\$M)	6,997,491	7,250,458	7,425,551	7,512,966	7,974,758	8,364,798	8,803,392	9,145,928	9,702,334				
CO Switch Depreciation Reserve	2,399,855	2,629,319	2,803,313	3,038,526	3,434,796	3,670,390	3,926,651	4,068,147	4,255,392				
CO Switch Reserve Ratio	34%	36%	38%	40%	43%	44%	45%	44%	44%				
Total CO Switch EOP Net Plant (\$M))	4,597,636	4,621,139	4,622,238	4,474,440	4,539,962	4,694,408	4,876,741	5,077,781	5,446,942	18%	2.1%	20%	22%
Net Switch Inv per DEM	\$ 0.0130	\$ 0.0469	\$ 0.0103	\$ 0.0093	\$ 0.0087	\$ 0.0078	\$ 0.0069	\$ 0.0062	\$ 0.0060	-54%	-9.3%	-31%	-40%

Source: GA and LA data from ARMIS 43-03 and 43-08, BS data is from ARMIS 43-02 and 43-08

Exhibit 5

Connectivity Margin for Bell South Louisiana

COSTS	Statewide Average	Zone 1	Zone 2	Zone 3
Zone weights		67%	26%	7%
Loop	\$16.98	\$11.77	\$22.39	\$48.26
Port	\$1.36	\$1.36	\$1.36	\$1.36
Usage	\$6.43	\$6.43	\$6.43	\$6.43
DUF	\$2.43	\$2.43	\$2.43	\$2.43
Platform - Recurring Cost	\$27.20	\$21.99	\$32.61	\$58.48
Amortization of NRC Fee	\$0.01	\$0.01	\$0.01	\$0.01
Total Platform (w/NRC)	\$27.21	\$22.00	\$32.62	\$58.49

REVENUES RES @ SWBT

Basic Local Svc

Zone 1	\$12.57
Zone 2	\$11.79
Zone 3	\$11.36

Basic Local Svc -Statewide \$12.29

Features

Caller ID (Name & Number)	\$3.16
Call Waiting	\$2.59
Call Forwarding	\$2.23

Sub. Line Chg.	\$4.68
Access	\$1.94

Total Revenue

Zone 1	\$27.17
Zone 2	\$26.39
Zone 3	\$25.96

Total Revenue -Statewide \$26.89

<i>Feature Penetration</i>
<i>Rate Assumption</i>
42%
56%
22%

MARGINS RES @ SWBT \$/Line %

Zone 1	\$5.17	19%
Zone 2	(\$6.23)	-24%
Zone 3	(\$32.53)	-125%
Residence Statewide	(\$0.32)	-1%